

7 April 2022

Mr Arek Gulbenkoglou
A/General Manager, Expenditure
Australian Energy Regulator (AER)
GPO Box 520
Melbourne, VIC 3001

Dear Mr Gulbenkoglou,

Emergency standards cost pass through application

On 21 December 2021, the South Australian Office of the Technical Regulator published "*Technical Regulator Emergency Standards – Voltage Management and Under Frequency Load Shedding*". These standards impose new obligations on SA Power Networks to address power system security issues resulting from the continued high take-up of Solar PV on the South Australian distribution network.

To meet these new standards, SA Power Networks will incur material additional capital expenditure during the 2020-25 regulatory control period estimated at \$30.5 million (\$, June 2020). This expenditure was not funded through the AER's 2020-25 Distribution Determination for SA Power Networks.

The publishing of these new standards is a *service standard event* as defined by the National Electricity Rules resulting in a *positive change event* for SA Power Networks. Consequently we are permitted to seek AER approval for additional revenue allowance to undertake the required works.

Please now find attached our application, proposing additional revenue allowances of \$3.4 million in each of the last two years of the 2020-25 regulatory control. We estimate the average annual residential customer bill increase in these years will be approximately 0.2% or \$2.20 per annum.

Yours sincerely



Mark Vincent

EXECUTIVE GENERAL MANAGER – STRATEGY AND TRANSFORMATION